

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6871

BILL NUMBER: HB 1270

NOTE PREPARED: Jan 13, 2008

BILL AMENDED:

SUBJECT: Greendale Local Taxes.

FIRST AUTHOR: Rep. Bischoff

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill authorizes the city of Greendale to adopt an ordinance to impose a 1% food and beverage tax. The bill authorizes the city of Greendale to adopt an ordinance to impose an innkeeper's tax at a rate not to exceed 5% of lodging income.

Effective Date: Upon passage.

Explanation of State Expenditures: Current cost for the Department of State Revenue to administrate, audit, and collect local taxes is approximately \$0.54 per \$100 of revenue. The Department would be able to process the proposed taxes within the existing level of resources available to the Department. The revenue processing would cost approximately \$460 to \$480 annually from FY 2008 to FY 2010. The proposed taxes would be remitted in the same manner as the state Sales Tax.

Explanation of State Revenues:

Explanation of Local Expenditures: Revenue from the proposed taxes would be used for expenditures made on the city hall, parks, and police, fire, and other emergency medical services.

Explanation of Local Revenues: The city of Greendale would have the option of adopting a 1% food and beverage tax, an innkeeper's tax at a rate of no more than 5%, or both. Revenue collection would begin in the month that succeeds the month that an ordinance was adopted by the city fiscal body. Actual revenue would likely not begin to be received by the city until two or three months after the tax(es) was adopted.

The following table illustrates the estimated revenue increase in Greendale from the taxes, assuming an

adoption date before July 1, 2008. (For purposes of the estimates below, innkeeper's taxes are reported at a 5% rate).

Revenue Estimates for Greendale Local Option Taxes.			
	CY 2008	CY 2009	CY 2010
Food and Beverage Tax (1% Rate)	\$3,900	\$16,100	\$16,500
Innkeeper's Tax (5% Rate)	\$17,300	\$70,700	\$72,450
TOTAL	\$21,200	\$86,800	\$88,950

The city fiscal officer would place revenue received from the taxes into either the city's food and beverage tax receipts fund or innkeeper's tax receipts fund.

If an ordinance were adopted by midyear 2008, as with the innkeeper's tax, food and beverage tax collections would cover an entire calendar year beginning in CY 2009.

State Agencies Affected: Department of State Revenue.

Local Agencies Affected: City of Greendale.

Information Sources: *Indiana Handbook on Taxes, Revenues, and Appropriations*; State of Indiana Revenue Forecast Documents, December 13, 2007, U.S. Bureau of Census, 2002 Economic Census data.

Fiscal Analyst: Chris Baker, 317-232-9851.